

ESTIMATE - PENDING CPA CONFIRMATION

IRS Form 8881

Credits for Small Employer Pension Plan Startup Costs, Contributions, Auto-Enrollment & Military Spouse Participation (IRC §45E / §45T)

Tax Year: 2025

Filing entity: Sample Bistro Group LLC (SAMPLE DATA)

EIN: 99-0001234

Generated: Feb 10, 2026

Figures below are mapped to the official line numbers. Blank lines are completed by you or your CPA.

FILING SUMMARY

Retirement Plan Startup Credit (IRC §45E / §45T)

How to file: enter on Form 8881 -> Form 3800, Part III, lines 1j and 1dd

\$9,500

ESTIMATE ONLY - NOT TAX ADVICE. P.A.I.D. is a software calculation tool, not a CPA, tax preparer, or law firm, and does not prepare, sign, or file returns. Figures are automated estimates from the data you provided and must be independently reviewed, verified, and filed by your own licensed tax professional. No accountant-client relationship is created. No credit is guaranteed.

Eligibility - Statutory Gates

Each controlling bright-line test, with the authority cited. All must hold.

1. Eligible small employer

From payroll headcount

No more than 100 employees who received at least \$5,000 in compensation in the preceding year.

Authority: IRC §45E(c); §408(p)(2)(C)(i)

2. New qualified plan

Per attestation

A new 401(k), SEP, or SIMPLE plan - the employer had no qualified plan covering substantially the same employees in the prior 3 years.

Authority: IRC §45E(d)(3)

3. Covers a non-highly-compensated employee

Per attestation

At least one NHCE is eligible to participate under the plan.

Authority: IRC §45E(d)(1)(B)

4. Startup-cost cap

Applied

Startup-cost credit = the greater of \$500 or \$250 x NHCEs, capped at \$5,000/yr, for up to 3 years.

Authority: IRC §45E(b)

5. Auto-enrollment add-on (§45T)

Applied if elected

A \$500/yr credit for 3 years if the plan adds an eligible automatic-contribution arrangement.

Authority: IRC §45T

Source Data & Traceability

Data provenance: Computed from the payroll register the taxpayer uploaded (ADP Excel/CSV) or the figures they entered. Figures are machine-generated with no manual overrides; P.A.I.D. has not audited or independently confirmed the underlying data.

Pension Plan Startup Costs Credit and Contributions Credit

1	Qualified startup costs incurred during the tax year	\$3,500
5	Startup-costs credit (smaller of line 2 or line 4)	\$3,000
6g	Employer contributions credit (after the applicable plan-year percentage)	\$6,000

Small Employer Auto-Enrollment Credit (§45T)

9

\$500 if an eligible automatic-enrollment option is provided

\$500

11

Add lines 9 and 10 - report on Form 3800, Part III, line 1dd

\$500

Small Employer Military Spouse Participation Credit

12

Number of participating military-spouse employees × \$200

13

Employer contributions per eligible military-spouse employee (<= \$300 each)

15

Add lines 12, 13, and 14 - report on Form 3800, Part III, line 1ee

Estimate generated free of charge. The success fee applies only after your CPA files and you mark the credit as filed/received.

Blank lines (and any worksheet-only lines) are completed by you or your CPA on the official IRS form. P.A.I.D. computes the lines it can from your payroll/financial data.

Limitations & Interactions

- 3-year credit window for startup costs; the §45T auto-enrollment credit is a separate \$500 × 3 years.
- Employer-contribution credit (for employers with <= 50 employees, phasing 51-100) is additional and capped at \$1,000/employee, declining over 5 years.
- No double benefit: costs used for the credit are not also deducted.
- General Business Credit limitation: this credit is a component of the GBC (IRC §38) and is limited by tax liability; unused amounts generally carry back 1 year and forward 20 (IRC §39). Pass-through entities flow the credit to owners via Schedule K-1.

Assumptions - Confirm Before Filing

Each figure rests on the assumptions below. If any is false, the credit changes - confirm each before filing.

- The plan is new - the employer had no qualified plan covering substantially the same employees in the prior 3 tax years.
- Headcount reflects employees who received at least \$5,000 of compensation in the preceding year (the <= 100 eligibility test).
- Amounts entered as startup costs are qualified ordinary-and-necessary plan setup/administration/education costs.
- At least one non-highly-compensated employee is eligible to participate.

Responsibility Delineation

P.A.I.D. (software)

Computed the credit and assembled this packet from the payroll register the taxpayer uploaded (or the figures they entered). P.A.I.D. does not issue a tax opinion, attest to eligibility, or sign the return.

The taxpayer

Attests to the accuracy and completeness of the underlying facts - hours, wages, reported tips, premiums, plan, expenditure, and entity information.

The reviewing CPA of record

Independently reviews this packet, applies professional judgment, and is solely responsible for the decision to claim the credit and for signing the return.

Reliance by tax professionals: This packet is a software-generated estimate prepared from client-supplied data and is not a tax opinion. It is not intended to be relied upon by any tax professional as a substitute for that professional's own due diligence under Treasury Department Circular 230, including §10.22 (diligence as to accuracy) and §10.37 (requirements for written advice). The reviewing tax professional remains solely responsible for verifying all eligibility conditions, figures, and computations against source records and applicable law before preparing, signing, or filing any return.

Verify Before Filing

Open items P.A.I.D. cannot confirm from the data. Verify each against source records before filing.

- [] The 'no predecessor plan in the prior 3 years' condition (IRC §45E(d)(3)).
- [] Itemized startup-cost invoices support the qualified-cost total.

- [] The eligible-employee count (≤ 100 with $\geq \$5,000$ comp) and the NHCE count driving the per-employee component.
- [] For §45T, that an eligible automatic-contribution arrangement was actually in place each year claimed.

Workpaper Appendix

- Appendix A - Plan startup-cost invoices & contribution records (attach)
- Appendix B - Headcount / NHCE eligibility worksheet (attach)
- Appendix C - Draft Form 8881 (the line mapping in this packet)
- Appendix D - Authority excerpts: IRC §45E, §45T, Form 8881 instructions

Record-Retention Guide

- Keep the records that substantiate this credit for as long as they are material - in practice, at least 3 years after the return is filed (4 years for employment-tax records). IRC §6001; Treas. Reg. 1.6001-1.
- Retain the source payroll register / financial export this estimate was built from, plus the filed return and the supporting IRS forms in this packet.
- Keep the plan adoption documents, itemized startup-cost invoices, the employee census/compensation records, and (for §45T) the EACA plan provisions.

Important Notices

1. No professional relationship. P.A.I.D. is software. Receiving this packet does not create an accountant-client, attorney-client, or other professional or fiduciary relationship.
2. Estimates, not advice. Every figure is an automated estimate generated from data you supplied. It is informational only and is not tax, legal, accounting, or financial advice.
3. Your responsibility for accuracy. You are solely responsible for the accuracy and completeness of the data provided and for maintaining the records required to substantiate any credit claimed.
4. Independent CPA verification required. This packet is intended to be reviewed by your own licensed tax professional, who must independently verify every eligibility condition, figure, and computation against source records before any return is prepared, signed, or filed. P.A.I.D. does not prepare, sign, or file returns.
5. No guarantee of credit. Eligibility for and the amount of any credit depend on facts, law, and IRS or state determinations outside P.A.I.D.'s control. No estimated amount is guaranteed to be allowed or realized.
6. Data handling & privacy. This packet contains no employee names or Social Security numbers; individuals are referenced by anonymized labels. Treat it as confidential tax information; transmit it securely (e.g. encrypted download), not as an open email attachment.

Eligibility Attestation

- §45E/§45T: retirement-plan startup costs, contributions, and plan-year are accurate.

Attested by owner@samplebistro.example on 2026-02-10 from IP 203.0.113.42.